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CONFIDENTIAL

PAGE 01 GUANGZ 05374 01 OF 02 030053Z  
ACTION SIL-01

INFO LOG-00 ACDA-16 AID-01 AMAD-01 CEA-01 CIAE-00 COME-00  
C-01 DODE-00 EAP-01 EB-01 EXIM-06 E-01 FRB-03  
HA-09 H-01 INRE-00 INR-01 IO-19 ITC-01 JUSE-00  
LAB-04 L-03 ADS-00 NSAE-00 NSCE-00 OIC-02 OMB-01  
OPIC-08 PA-01 PRS-01 P-01 RP-10 SNP-01 SP-01  
SR-01 SS-01 STR-18 TRSE-00 USIE-00 /117W

-----5CFEDE 030054Z /38

P 030050Z SEP 92

FM AMCONSUL GUANGZHOU

TO SECSTATE WASHDC PRIORITY 8289

INFO AMEMBASSY BEIJING

US CUSTOMS WASHDC

AMCONSUL SHENYANG

AMCONSUL SHANGHAI

AMCONSUL HONG KONG

DEPARTMENT OF STATE

( ) RELEASE

( ) EXCISE

( ) DENY

( ) DECLASSIFY

( ) DECLASSIFY

IN PART

IM/IPS/CR/TR/Date: 3/19/97

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( ) CLASSIFY as ( ) S or ( ) C Sec. TS authority to

( ) DOWNGRADE TS to ( ) S or ( ) C

C O N F I D E N T I A L SECTION 01 OF 02 GUANGZHOU 05374

BEIJING FOR ECON JGORMAN/BGOLDBECK

DEPT FOR EAP/CM

HONG KONG FOR SCR GREY

US CUSTOMS FOR FOREIGN OPERATIONS AND COMMERCIAL  
FRAUD (FAR EAST)

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GUANGZ 05374 01 OF 02 030053Z  
BEIJING PLEASE PASS CHENGDU

E.O. 12356: DECL:OADR

TAGS: ELAB, ETRD, PHUM, CH, US

SUBJECT: PRISON LABOR: FLOWER CITY SHOE FACTORY-

- THE SIGN IS GONE, PRISONERS REMAIN,  
- PRODUCTION EXPANDS?

REFS: (A) BEIJING 25651

- (B) 91 GUANGZHOU 1143

- (C) 91 HONG KONG 1622

- (D) 91 GUANGZHOU 84

1. SUMMARY. AUGUST 31 AND SEPTEMBER 1  
OBSERVATIONS CONFIRM PRISONERS ARE WORKING AT  
GUANGZHOU'S FLOWER CITY INDUSTRIES. SIGNS FOR THE

CONFIDENTIAL

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FLOWER CITY LEATHER SHOE FACTORY HAVE BEEN REMOVED, BUT EMPLOYEES CLAIMED SHOES ARE STILL MANUFACTURED WITHIN. ONE EMPLOYEE STATED A BRANCH SHOE FACTORY HAS BEEN OPENED WITH FOREIGN INVESTORS. END SUMMARY.

2. ACCOMPANIED BY EMBOFF J. GORMAN (ATTACHE, ECON), ON AUGUST 31, CONGENOFFS MADE A "DRIVE-BY" VISIT OF FLOWER CITY LEATHER SHOE FACTORY AT 14 NANJING ROAD, LOCATED NEAR THE SAN MIGUEL BREWERY JUST A FEW KILOMETERS FROM THE CONSULATE AND IDENTIFIED IN REFTELS B-D AS A POSSIBLE SOURCE OF PRISON-LABOR EXPORTS. ON SEPTEMBER 1 CONGENOFF RETURNED ALONE FOR A CLOSER LOOK.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GUANGZ 05374 01 OF 02 030053Z

3. THE FACTORY'S PHYSICAL PLANT REMAINS AS DESCRIBED IN REF (B) WITH ONE NOTABLE EXCEPTION - THE SIGN IN LARGE CHARACTERS IDENTIFYING THE "FLOWER CITY LEATHER SHOE FACTORY", PREVIOUSLY ABOVE THE FACILITY'S OUTER GATE IS GONE. THE RUSTING BRACES WHICH WOULD HAVE HELD THE LARGE CHARACTERS REMAIN, AS DOES A SMALLER SIGN TO THE LEFT OF THE GATE IDENTIFYING A "GUANGDONG PROVINCE LABOR REFORM BUREAU GUEST HOUSE" WITHIN. IN ADDITION, A SEPARATE SIGN DESCRIBES IN SOME DETAIL THE VARIOUS "FLOWER CITY INDUSTRY" ENTERPRISES ON THE PREMISES, INCLUDING A FLOWER CITY CLOTHING FACTORY, A FLOWER CITY PRINTING FACTORY, AND FURTHER INDICATING THE FOLLOWING "SINO-FOREIGN JOINTLY OWNED (ZHONG WAI HE YING)" INDUSTRIES: GUANG-TAI (PRESUMABLY GUANGDONG-THAILAND) IMPORTED CAR REPAIR CENTER, FLOWER CITY TRANSPORT, AND FLOWER CITY MACHINERY.

4. SUSPICIONS FLOWER CITY IS "NOT A NORMAL FACTORY," AS REPORTED IN REFTEL (B) WERE CONFIRMED. CONGENOFF WALKED UNHINDERED BEYOND THE FACTORY'S FIRST GATE, PAST NUMEROUS BUILDINGS BEARING SIGNS IDENTIFYING THE GUANGDONG PROVINCE LABOR REFORM BUREAU SERVICES AVAILABLE (A SMALL SUNDRIES SHOP, A DENTAL CLINIC, AN OFFICE BLOCK, AND A DORMITORY).

5. AT THE INNER GATE CONGENOFF SPOKE WITH A UNIFORMED GUARD WHO WHEN QUESTIONED CONFIRMED THE FLOWER CITY LEATHER SHOE FACTORY WAS LOCATED WITHIN

CONFIDENTIAL

CONFIDENTIAL

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CONFIDENTIAL

PAGE 04 GUANGZ 05374 01 OF 02 030053Z  
THE COMPOUND (NOTWITHSTANDING THE ABSENCE OF ANY  
SIGN ANNOUNCING ITS PRESENCE) AND MOTIONING TO A  
SECOND STORY OFFICE, SUGGESTED CONGENOFF SPEAK WITH  
THE "MANAGER" IF INTERESTED IN MORE INFORMATION.  
CONGENOFF NATURALLY DECLINED.

6. FROM THE INNER GATE CONGENOFF NOTICED SEVERAL  
PRISONERS RESTING IN THE ENTRYWAYS OF BUILDINGS ON  
THE COMPOUND. ALL HAD SHAVED HEADS AND WORE BLUE  
WORK CLOTHES WITH A SINGLE BROAD WHITE STRIP DOWN  
EACH SIDE. A DENTIST WORKING AT THE CLINIC (PARA  
4) TOLD CONGENOFF, IN ENGLISH, HE TREATED "THE  
PRISONERS HERE."

CONFIDENTIAL

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CONFIDENTIAL

PAGE 01 GUANGZ 05374 02 OF 02 030053Z  
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PAGE 02            GUANGZ    05374    02 OF 02    030053Z  
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7. A CLERK IN THE SUNDRIES SHOP BETWEEN THE INNER  
AND OUTER GATES AGREED THE FLOWER CITY LEATHER SHOE  
FACTORY WAS LOCATED ON THE PREMISES, AND  
VOLUNTEERED THAT A BRANCH OF THE FACTORY HAD BEEN  
NEWLY BUILT NEAR GUANGZHOU'S BAIYUN AIRPORT WITH  
"MONEY FROM EITHER FRENCH OR AMERICAN INVESTORS."

8. ALTHOUGH CONGENOFFS' VISITS DREW LESS ATTENTION  
THAN MIGHT HAVE BEEN ANTICIPATED, BEFORE EXITING  
THE OUTER GATE NON-UNIFORMED ATTENDANTS WHO HAD  
PAID LITTLE HEED TO CONGENOFF'S EARLIER ENTRY  
REQUESTED CONGENOFF "REGISTER" HIS VISIT BEFORE  
DEPARTING. A PERFUNCTORY LOOK AT CONGENOFF'S  
CONSULAR IDENTIFICATION CARD AND A TELEPHONE CALL  
"UPSTAIRS" WAS ALL THAT WAS REQUIRED.

9. FOR BEIJING. BEFORE DEPARTING GUANGZHOU ON  
SEPTEMBER 1, EMBOFF GORMAN WAS BRIEFED ON THE  
RESULTS OF CONGENOFF'S WALK AT FLOWER CITY  
INDUSTRIES. AMCONSUL GUANGZHOU WILL ATTEMPT TO  
FURTHER IDENTIFY THE GUANGDONG-THAILAND ENTERPRISE  
(PARA 3), FLOWER CITY LEATHER SHOE FACTORY'S  
"AIRPORT" BRANCH, AND IN ADDITION OTHER COMPANIES  
AS INSTRUCTED IN REPTTEL (A). REGARDS.  
HARTER

CONFIDENTIAL

CONFIDENTIAL

PAGE 03            GUANGZ    05374    02 OF 02    030053Z

CONFIDENTIAL

CONFIDENTIAL

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